

**HARGRAY TELEPHONE COMPANY, INC.
AND BLUFFTON TELEPHONE COMPANY, INC.
ALTERNATIVE REGULATION PLAN
PURSUANT TO S.C. CODE ANN. § 58-9-576**

POSTED
0603-205

Filed February 2, 2005
Effective March 4, 2005

2005-37-C

1. Introduction

Hargray Telephone Company, Inc. ("Hargray") and Bluffton Telephone Company, Inc. ("Bluffton") are local exchange carriers operating in the State of South Carolina. Because they are under common ownership and management, Hargray and Bluffton are jointly submitting this Alternative Regulation Plan.

Pursuant to S.C. Code Ann. § 58-9-576(A), any local exchange carrier ("LEC") may elect to have the rates, terms, and conditions of its services determined pursuant to the alternative regulation plan described in S.C. Code Ann. § 58-9-576(B), provided the Public Service Commission of South Carolina ("Commission") (1) has approved a local interconnection agreement in which the LEC is a participant with an entity determined by the Commission not to be affiliated with the LEC, (2) determines that another provider's service competes with the LEC's basic local exchange telephone service, or (3) determines that at least two wireless providers have coverage generally available in the LEC's service area and that the providers are not affiliates of the LEC. There are at least two wireless providers with coverage generally available in the service areas of Hargray and Bluffton that are not affiliated with either company, as specified herein. Hargray and Bluffton hereby elect to have the rates, terms, and conditions of their services determined pursuant to the alternative regulation plan described herein (the "Plan"), which conforms with the plan described in S.C. Code Ann. § 58-9-576(B).

As of February 2, 2005, the date of notice of election of the Plan, there is wireless coverage generally available in Hargray's and Bluffton's service areas from the following wireless carriers, none of which is affiliated with either Hargray or Bluffton:

ALLTEL Communications, Inc. ("ALLTEL")
Cingular Wireless II LLC ("Cingular")
Nextel South Corp. ("Nextel")
Sprint Spectrum, LP, d/b/a Sprint PCS ("Sprint PCS")
Triton PCS Operating Co., LLC, d/b/a SunCom ("SunCom")
T-Mobile USA, Inc. ("T-Mobile")
Cellco Partnership, d/b/a Verizon Wireless ("Verizon")

In addition, there are numerous carriers that have been certificated to provide local exchange services throughout the State of South Carolina. By Commission Order No. 2000-021, the Commission terminated Hargray's and Bluffton's automatic rural exemptions under Section

251(f)(1) of the federal Telecommunications Act of 1996. Thus, competitive carriers holding statewide certificates are authorized to provide local exchange service in Hargray's and Bluffton's service areas.

The Plan described herein is in lieu of other forms of regulation including, but not limited to, rate of return or rate base monitoring or regulation.

2. Effective Date

The effective date of the Plan is March 4, 2005, which is not sooner than thirty days after filing with the Commission notice of election of the Plan. The Plan will apply to all local services offered by Hargray or Bluffton that are regulated by the Commission.

3. The Plan

- a. As of February 2, 2005, the date of notice of election of the Plan, existing rates, terms, and conditions for the services provided by Hargray or Bluffton contained in the companies' then-existing tariffs and contracts are considered just and reasonable.
- b. Hargray and Bluffton are "small LECs" for purposes of S.C. Code Ann. § 58-9-576(B)(3). S.C. Code Ann. § 58-9-10(14) defines "small LEC" to mean a "rural telephone company" as defined in the federal Telecommunications Act of 1996.
- c. Hargray's and Bluffton's flat-rated local exchange services for residential and single-line business customers are priced below the statewide average local service rates for those services, weighted by number of access lines, as shown in Hargray's and Bluffton's local service tariffs on file with the Commission. Therefore, pursuant to S.C. Code Ann. § 58-9-576(B)(3), the requirements of S.C. Code Ann. § 58-9-576(B)(3) and (4) shall be waived by the Commission until such time as the respective companies' residential and single-line business rates are priced at the statewide average local service rates for those services. At such time as Hargray's or Bluffton's residential and single-line business rates, or either of those rates, equals the statewide average local service rate for that service or those services, the rate for the service that is priced at the statewide average rate shall be subject to the provisions of S.C. Code Ann. § 58-9-576(B)(3) and (4); *i.e.*, that rate shall be frozen for a period of two years from the date at which it is set at the statewide average rate and, after the expiration of the two-year period, may be adjusted on an annual basis pursuant to an inflation-based index.
- d. Hargray and Bluffton may increase rates for flat-rated local exchange services for residential and single-line business customers if they are below the statewide average rates, in accordance with S.C. Code Ann. § 58-9-576(B)(3).
- e. Hargray and Bluffton will set rates for all other services on a basis that does not unreasonably discriminate between similarly situated customers. All such rates are subject to a complaint process for abuse of market position in accordance with Commission rules and procedures.

- f. Except when exempted by law, Hargray and Bluffton will file tariffs for price changes or new services with respect to their local exchange services (including residential and single-line business services) that set out the terms and conditions of the services and the rates for such services. Tariffs will be presumed valid and become effective seven days after filing for price decreases and fourteen days after filing for price increases and new services.
- g. As provided for in S.C. Code Ann. § 58-9-576(B), the Plan applies in lieu of rate of return or rate base regulation. Thus, the procedures set forth above for changes in rates are to be used in lieu of traditional rate-of-return procedures for determining rates, terms, and conditions for service, as found in S.C. Code Ann. §§ 58-9-510 through -570 and in 26 Code Ann. Regs. 103-834(A)(3).

STATE OF SOUTH CAROLINA

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COUNTY OF BEAUFORT

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AFFIDAVIT OF CEDRIC DEBARDELABEN

Personally appeared before me, Cedric DeBardelaben, who, first being duly sworn, did depose and say:

1. I am Property & Construction/ RF Manager Hargray Communications Group, the parent company of Hargray Wireless, Hargray Telephone Company ("Hargray"), and Bluffton Telephone Company ("Bluffton"). I am responsible for engineering new cell sites and taking each site through zoning, permitting, and construction. Once the site is built, I am responsible for RF performance and optimization. I have been in my current position since 1997. Prior to joining Hargray Communications Group, I performed cell site maintenance and system performance for 360 Communications (now ALLTEL) from 1994-1997. Before that, I worked in electronics equipment repair (radar systems and two-way radio communications), first with the United States Marine Corps (1988-1993) and then with Savannah Communications (1993-1994).

2. There are a number of wireless providers that have coverage generally available in the incumbent local service areas served by Hargray and Bluffton. They include: ALLTEL, Cingular, Nextel, Sprint PCS, SunCom, T-Mobile, and Verizon. None of these wireless service providers is affiliated with Hargray or Bluffton.

3. Attached to this Affidavit as EXHIBIT A, and incorporated herein by reference, are coverage maps showing general coverage of the areas served by Hargray and Bluffton for the

following wireless service providers: ALLTEL, Cingular, Nextel, Sprint PCS, SunCom, and Verizon. These maps were obtained from the respective carriers. Each of these carriers advertises that it provides general coverage throughout Hargray's and Bluffton's service areas. Each of the carriers has a retail outlet or agent in Hargray's service area, and most of the carriers also have a retail outlet or agent in Bluffton's service area.

4. I also personally conducted drive tests for three of the wireless service providers with general coverage in Hargray's and Bluffton's service areas. The drive tests were conducted over a 14-hour period on January 22, 2005, during which I drove approximately 472 miles throughout the areas served by Hargray and Bluffton. The drive tests were conducted for the following wireless service providers using the referenced wireless telephones: (1) Sprint PCS (Qualcomm 2760); (2) ALLTEL (Audiovox 8500); and (3) Verizon (Kyocera 2135). Each test phone was connected to Invex 3g data collection equipment with a data cable designed by Andrew. The data post processing was performed with Andrew Interpreter software, which is specifically designed for post processing drive test data. The drive test equipment collects data on signal strength and frame error rates, among other data.

5. The results of the system drive tests are shown on the maps attached hereto as EXHIBIT B and incorporated herein by reference. The maps included in EXHIBIT B show Frame Error Rate data for the three wireless carriers tested. Frame Error Rate is the wireless industry standard for testing quality of service. A Frame Error Rate range of 0-2 indicates that between 0 and 2% of frames are missed during a call, which is comparable to the quality of a landline call. At a Frame Error Rate of 2-5, some syllables may be missed. At a Frame Error Rate of 5-10, some words may be missed. At a Frame Error Rate in the range of 10-100, calls

may be dropped. The actual number of dropped calls during the 14-hour drive test was very low (8 dropped calls on ALLTEL's network, 4 on Sprint PCS's, and 3 on Verizon's). As can be seen from the drive test maps, the three wireless carriers tested have landline-quality service throughout most of Hargray's and Bluffton's service areas.

6. Also attached as EXHIBIT C for comparison purposes is a map depicting the incumbent local exchange areas served by Hargray and Bluffton.

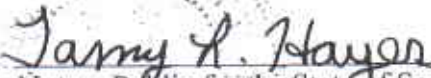
7. The system drive test results demonstrate that ALLTEL, Sprint PCS, and Verizon have generally available coverage and a good quality of service throughout Hargray's and Bluffton's service areas. While drive tests were conducted only for these three carriers, several other carriers have comparable coverage throughout the service areas of Hargray and Bluffton.

FURTHER AFFIANT SAITH NOT.



CEDRIC DEBARDELADEN

Sworn to before me this
1st day of February, 2005.



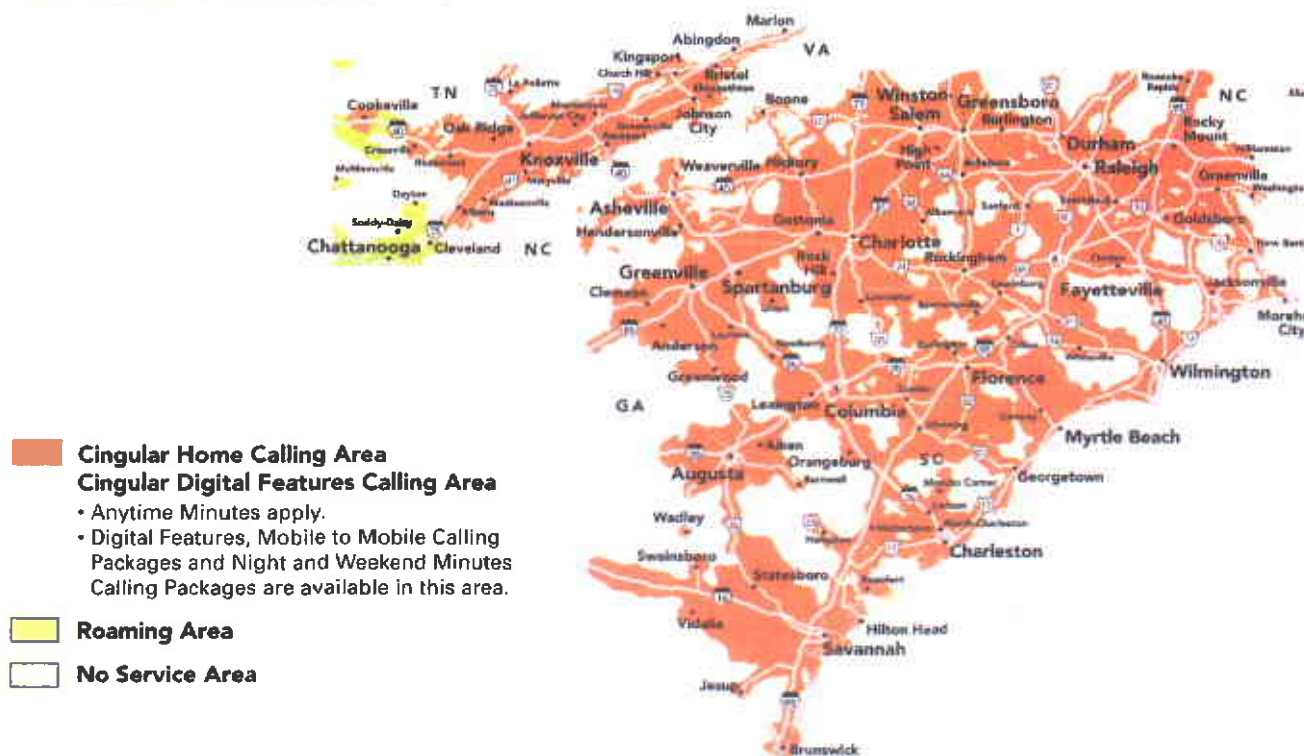
Notary Public for the State of South Carolina.

My Commission expires November 3, 2005

EXHIBIT A

COVERAGE MAPS

CINGULAR REGION



Cingular Wireless GSM handset required on Cingular Region plans.

Your phone's display does not indicate the rate you will be charged. Please review your coverage map for areas included in and out of plan. Map depicts outdoor coverage. Map may include areas served by unaffiliated carriers and may depict their licensed area rather than an approximation of the coverage area. Coverage may differ substantially from map graphics, and coverage may be affected by such things as terrain, weather, foliage, buildings and other strength, customer equipment and other factors. Cingular does not guarantee coverage. Charges will be based on the location of the site receiving and not the location of the subscriber. Future Coverage, if depicted above, is based on current planning assumptions but is subject to change and may not be

Updated September 2004



ALLTEL

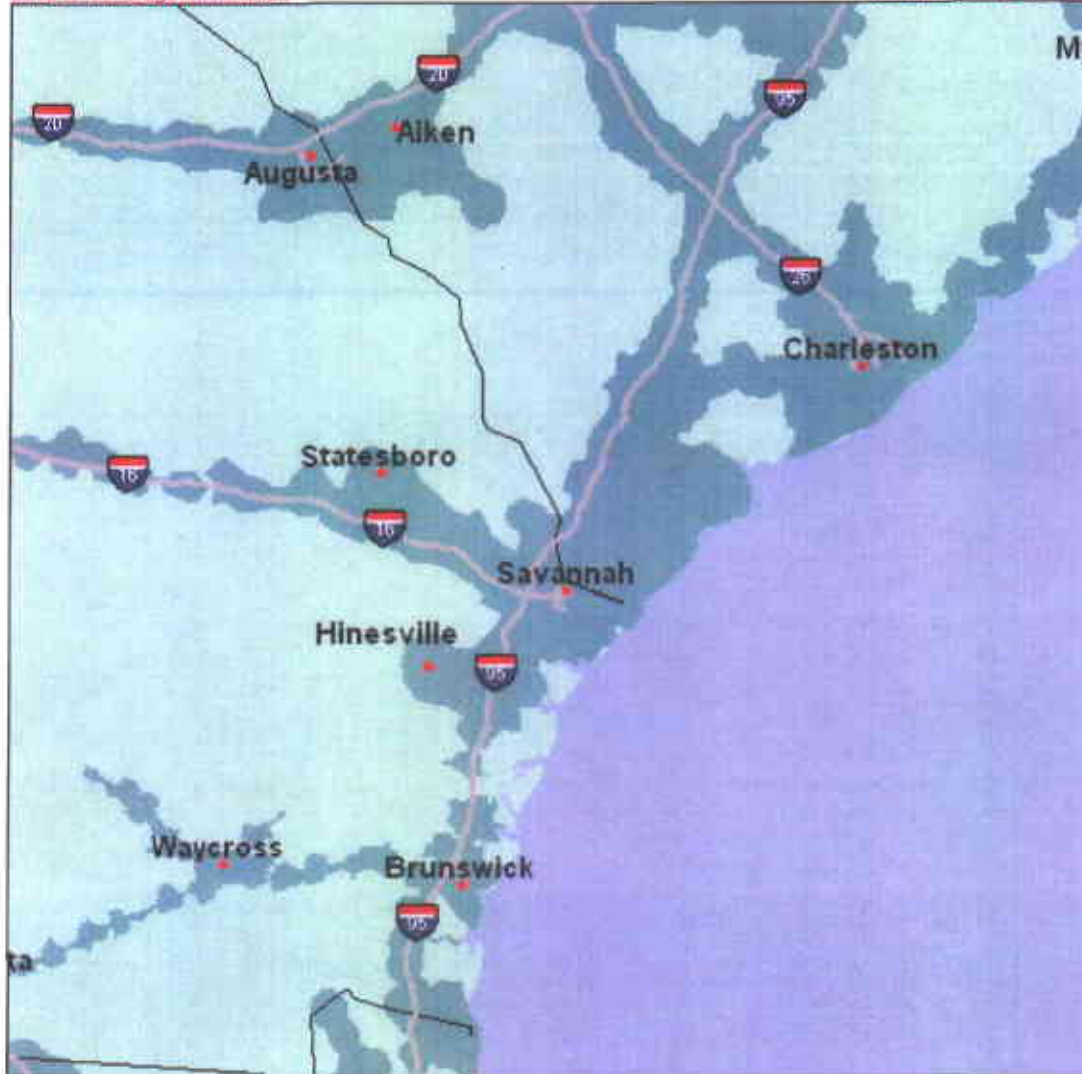


Coverage Information

This map shows coverage in the **Hilton Head Island, SC (29928)** area.

[Back to Coverage Information](#)

[View plans in your area](#)



- [Sprint Nationwide PCS Network](#)
- [Additional PCS Service](#)
- [Off-Network Roaming-Analog](#)
- [Planned Future Service](#)

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[View plans in your area](#)

Find Coverage for another location

Enter zip code:

[View coverage](#)

[View plans](#)

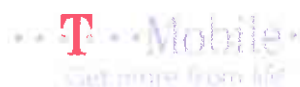
Or, select a state:

Choose a state

[Go](#)

Coverage Maps: Maps depict approximate service areas for outdoor coverage based on computer-generated radio-frequency coverage projections and information provided by third parties, but are not a guarantee of service availability. Actual service availability may vary. Service not available in all areas. © 2005 Sprint Nextel. All rights reserved.

T-Mobile USA : 29928 (change location)



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Coverage where it counts

Get more with America's fastest-growing wireless network

- Make calls to anyone in America with no roaming or long-distance charges with any T-Mobile National rate plan.
- Make calls in more places around the world than with any other US wireless carrier.

- >> View US coverage map
- >> View international rates and coverage



>> Help

T-Mobile digital coverage area

Includes T-Mobile USA network and the networks of our roaming partners and affiliates. This map does not depict where rates apply. Roaming charges and long distance charges may apply where applicable.

T-Mobile's Get More@ network is comprised of the T-Mobile digital coverage area and the roaming coverage area. Data coverage is available in all areas that offer voice coverage, with the exception of select roaming areas. In order to use a T-Mobile product, you must be within a T-Mobile coverage area.

Print map information

MAP INFORMATION: This map predicts and approximates our wireless coverage area outdoors, which may vary from market to market and may change without notice. It may include locations with limited or no coverage. Our maps do not guarantee service availability. Even within a coverage area, there are several factors, including but not limited to: network changes, traffic volume, service outages, technical limitations, signal strength, your equipment, terrain, structures, weather and other conditions that may interfere with actual service, quality and availability, including the ability to make, receive and maintain calls. Portions of the mapped areas include networks that are operated by our partners and affiliates. If you travel outside of these coverage areas, your phone will not work. However, people can still leave you voicemail and send text messages that you will receive when you get back into coverage. Roaming refers to calls made or received while on a roaming partners network or while outside of your plan coverage area. To see if our coverage meets your needs, take advantage of our return policy (available with most plans). Please see your T-Mobile Terms and Conditions or visit t-mobile.com for details. T-Mobile is a registered trademark of Deutsche Telekom AG. © 2003-2004.

* We continually try to improve the T-Mobile digital network. For the most current coverage information, dial 611 from your T-Mobile device or 1-800-937-8997 from any phone. Our Customer Care center is open 24 hours a day, 7 days a week, or visit the nearest T-Mobile Location.

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Ranked
Wireless
Customer
Service
Performance"

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Best value in





Coverage Locator

This tool identifies where Verizon Wireless offers service.

Enter either the zip code or the city and state for corresponding wireless coverage information.



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- ☐ [NationalAccess and Enhanced Services Map](#)
- ☐ [BroadbandAccess and V CAST Map](#)
- ☐ [Pay As You Go Map](#)
- ☒ [Verizon Wireless Network Map](#)

Zip Code

29928

OR

City

Hilton Head Islan

State

SC

DISPLAY MAP

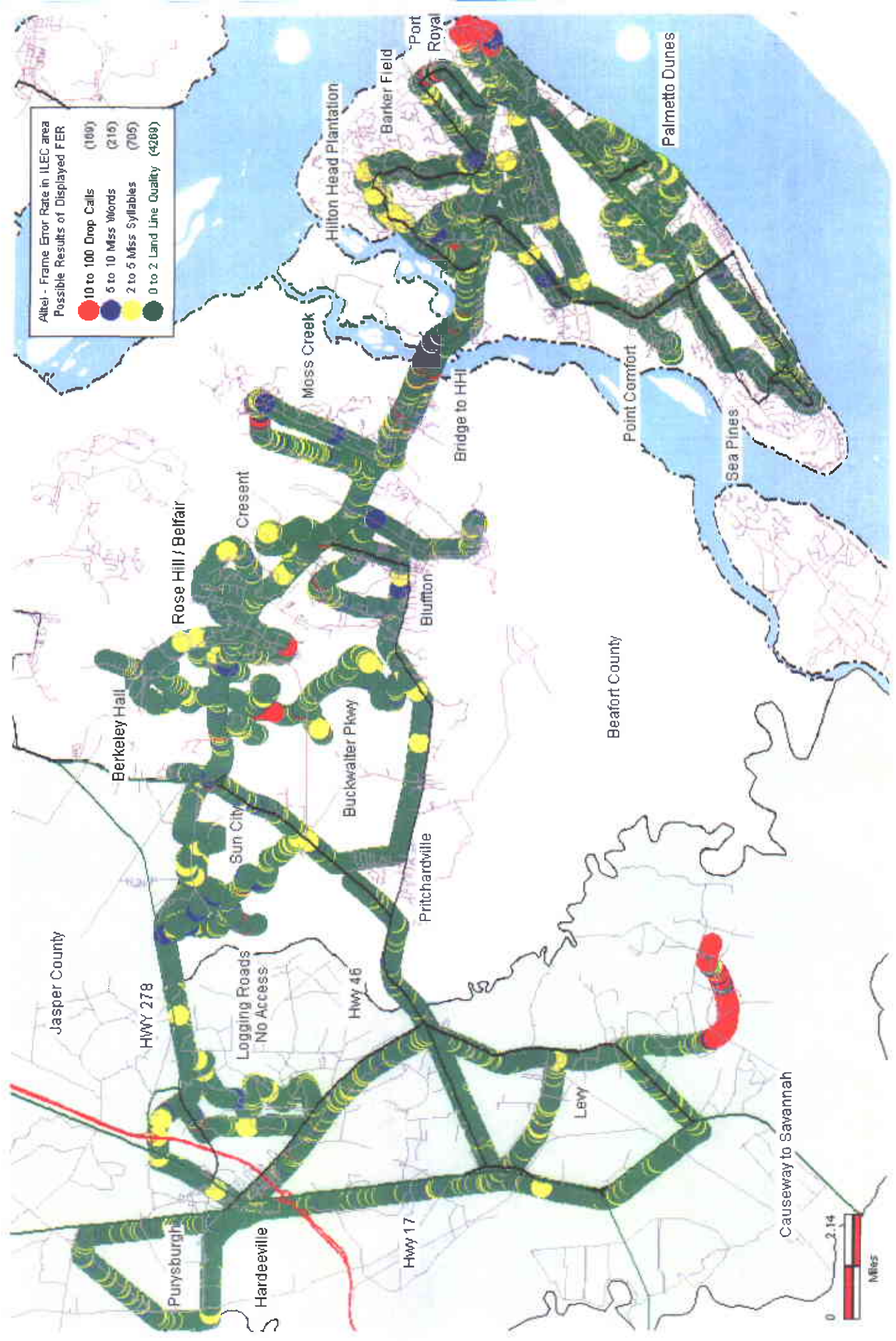
[Important information about Coverage Locator Maps](#)

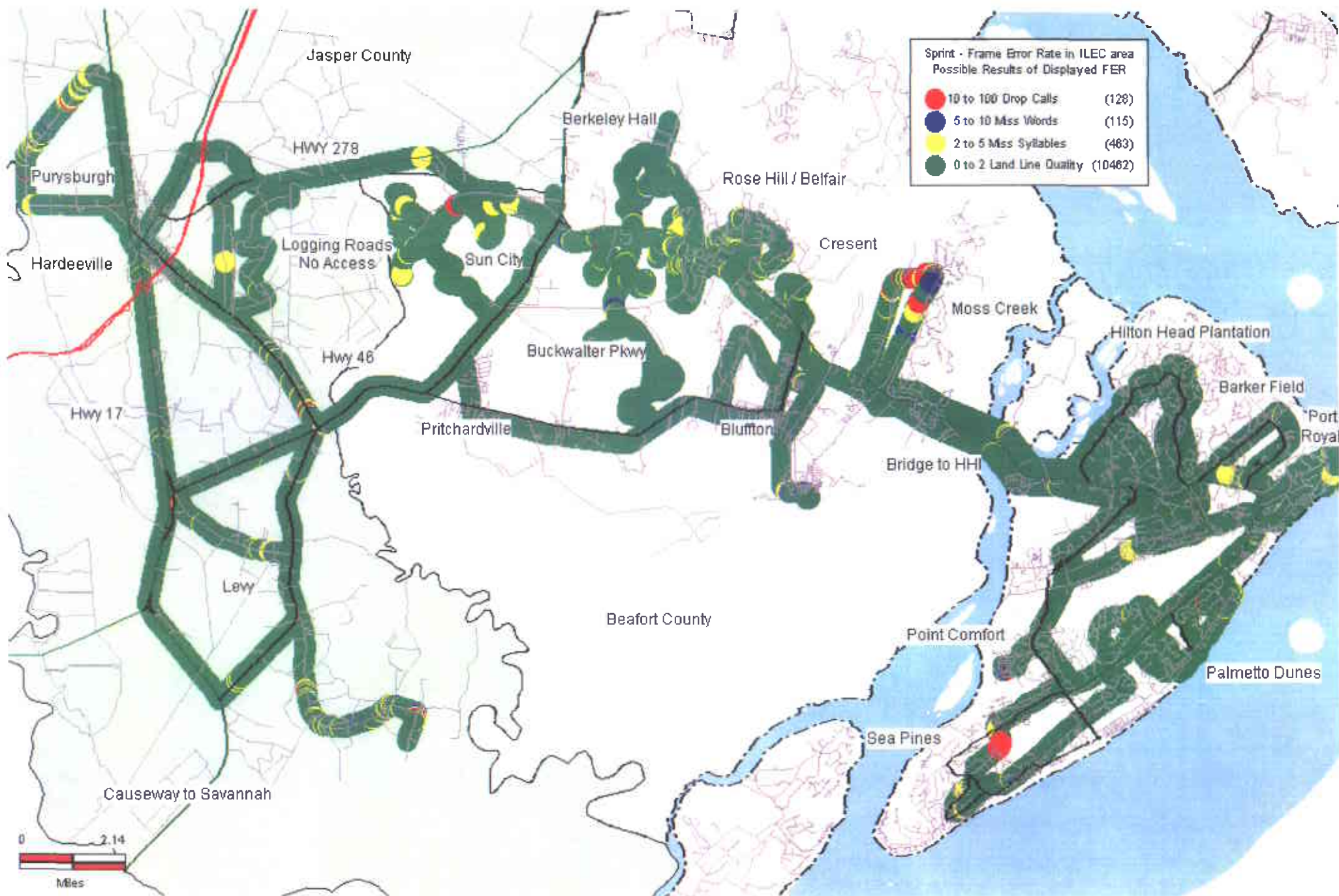
This map is not a guarantee of coverage and may contain areas with no service.

This map shows approximately where rates and outdoor coverage apply based on our internal data. Wireless service is subject to limitations, particularly near boundaries and in remote areas. Customer equipment, cell site availability, topography and other environmental considerations also affect service, which may vary significantly within buildings. [With "all-digital" devices you can only make and receive calls when digital service is available. When digital service is not available your device will not operate or be able to make 911 calls.] Check your roaming indicator to determine where rates apply.

EXHIBIT B

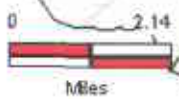
DRIVE TEST MAPS





Sprint - Frame Error Rate in ILEC area
Possible Results of Displayed FER

10 to 100 Drop Calls	(128)
5 to 10 Miss Words	(115)
2 to 5 Miss Syllables	(483)
0 to 2 Land Line Quality	(10462)



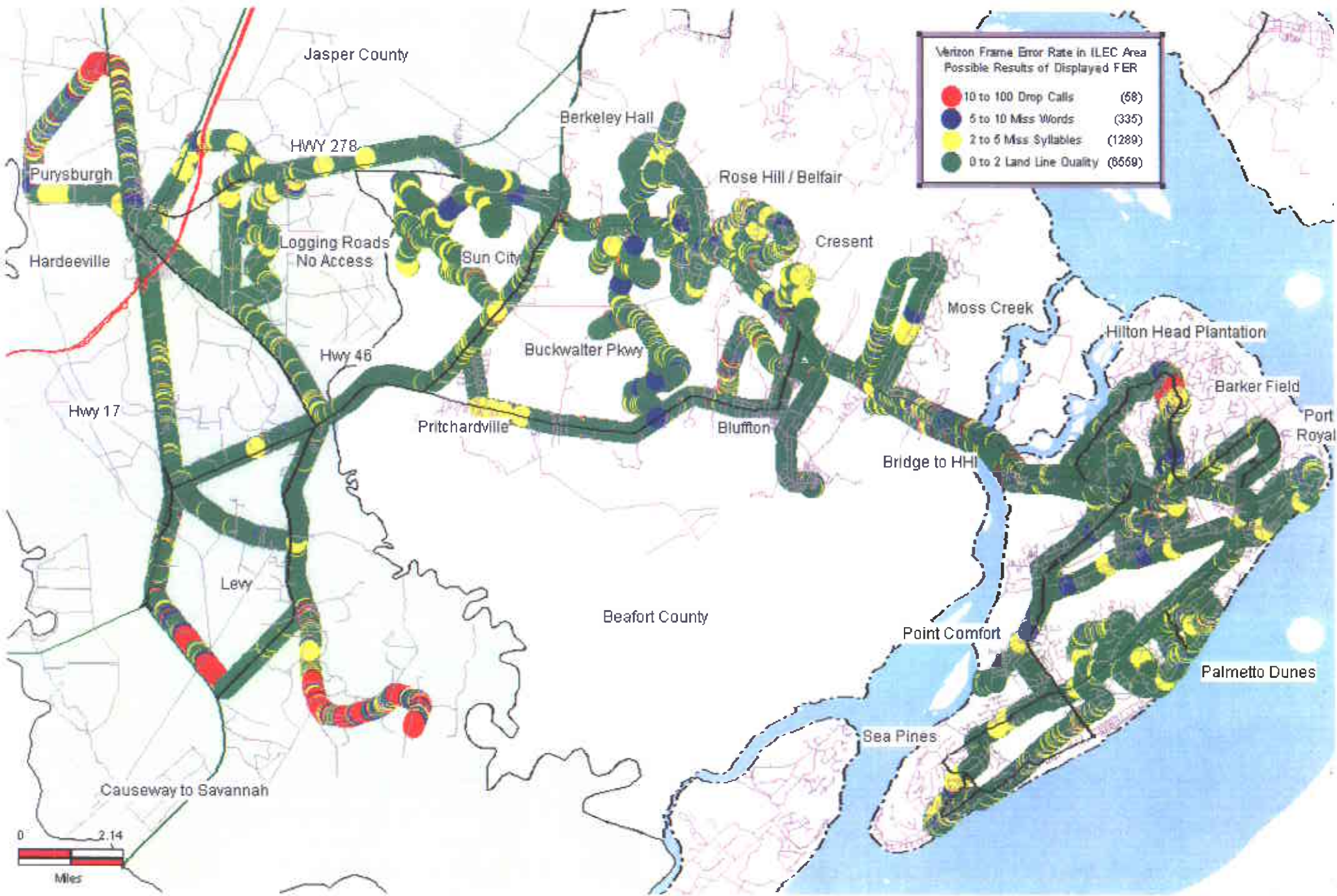


EXHIBIT C

ILEC SERVICE AREA MAP

ILEC Service Area

